GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3920
ANSWERED ON:09.04.2003
DISINVESTMENT OF PSUs IN MADHYA PRADESH
RAMANAND SINGH

Will the Minister of DISINVESTMENT be pleased to state:

(a) the names of Public Sector Undertakings situated in Madhya Pradesh which have been sold so far to Private Companies under disinvestment process alongwith the price received by the Government as a result thereof, PSU-wise;

(b) the number of employees from each of these Public Sector Undertakings who has been rendered jobless due to disinvestment; and

(c) the concrete steps taken/proposed to be taken to protect the interests of employees?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

(a) The only case of disinvestment of Public Sector Undertakings (PSUs) in Madhya Pradesh was that of Hotel Khajuraho Ashok, a unit of India Tourism Development Corporation Limited (ITDC). The entire 89.97 percent shareholding of the Government of India (GOI) along with the 10 percent shareholding of Indian Hotels Company Limited (IHCL) was sold in favour of M/s Bharat Hotels Limited on 7.8.2002 for a consideration of Rs. 2,21,00,000. Of this, the accrual to GOI and ITDC inclusive of Voluntary Retirement Scheme (VRS) compensation (including gratuity) was Rs.2,18,79,594/-.

(b) Out of the 40 employees in the hotel unit, 39 employees accepted VRS. The only remaining employee was not eligible for VRS and is reported to have resigned before the transaction was concluded on 7.8.2002.

(c) Provisions for protection of interest of employees made in the Share Purchase Agreement executed with the Purchaser are at Annexure.

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF LOK SABHA UNSTARRED QUESTION NO. 3920 FOR ANSWE 09.04.2003 BY SHRI RAMANAND SINGH REGARDING DISINVESTMENT OF PSUs IN MADHYA PRADESH

Provisions relating to employees in Share Purchase Agreement:

A. One of the Recitals of the Agreement reads as under:

The Purchaser specifically recognizes that the Government in relation to its employment policies follows certain principles for the benefit of the members of scheduled caste/scheduled tribes, physically handicapped persons and other socially disadvantaged sections of the society and the Purchaser has agreed that upon consummation of the transaction contemplated herein it shall use its best efforts to cause the Company to provide adequate job opportunities for such persons and shall also ensure that in the event of any reduction in the strength of the Company, the Purchaser shall use its best effort to ensure that the physically handicapped persons are retrenched at the end.

B. The following post-closing obligations of the purchaser have been provided in the Agreements:

The Purchaser will cause the Company to continue to employ all the regular employees of the Unit who have been transferred to the Company on the terms and conditions that shall not be inferior to the terms and conditions as applicable to the regular employees on the date of transfer of the Unit including with respect to the voluntary retirement scheme applicable to the Company as per the guidelines of the Department of Public Enterprises, if any, and terms set out in agreements entered into by ITDC in relation to such regular employees with staff /workers unions/associations. The Purchaser further covenants that it shall cause the Company to ensure that:

(i) the services of the regular employees will not be interrupted.

(ii) the terms and conditions of service applicable to the regular employees will not in any way be less favourable than those applicable to them immediately on the date hereof.

(iii) It shall not retrench any of its regular employees for a period of one year from the Closing Date other than any dismissal or

termination of regular employees from their employment in accordance with the applicable staff regulations and standing order of the Company or applicable law.

(iv) In the event of retrenchment of regular employees, the Company shall pay the regular employees such compensation as is required under applicable labour laws on the basis that the service of the regular employees have been continuous and uninterrupted. Provided further, that no retrenchment of a regular Employee would be undertaken unless the affected Employee is given benefits which are higher of (a) the voluntary retirement scheme applicable to the Company as per the guidelines of the Department of Public Enterprises as of the date hereof and (b) the benefits/compensation required to be statutorily given to an employee under applicable law.

(v) The Company will only undertake dismissal or termination of the services of the employees on account of disciplinary action in accordance with the applicable staff regulations.

(vi) In respect of contract employees the terms and conditions of the relevant contracts shall be fully observed by the Company and the Purchaser shall keep Government and ITDC indemnified against damages, losses or claims resulting on account of the Company failing to observe any of the terms and conditions of such contracts.